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DEPT FOR NEA/ARP, EB/ESC/IEC/EPC  
NSC FOR HUTTO  
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6000/ITA/TD/AS/AC/CJAMES  
3004/ITA/TD/AS/AC

E.O. 12958: DECL: 07/05/2017  
TAGS: [EPET](#) [ENRG](#) [EINV](#) [PINR](#) [AE](#)  
SUBJECT: THREE U.S. COMPANIES SHORT LISTED FOR SOUR GAS  
PROJECT

Classified By: Classified by Ambassador Michele J. Sison  
for reasons 1.4 (B) and (D). This cable contains  
business proprietary information.

¶1. (C) We have been told that the Abu Dhabi National Oil Company (ADNOC) has invited four companies to re-bid on its on-shore sour gas development project: Occidental Petroleum, ExxonMobil, ConocoPhillips, and Shell. BP was not invited to re-bid. According to ConocoPhillips Abu Dhabi President, Nick Spencer (protect), three of the four companies invited to re-bid had based their proposals on a sulfur reinjection procedure and one company had offered sulfur recovery. After considering the dangers of sulfur reinjection, ADNOC asked the four companies to resubmit bids based on sulfur recovery. Spencer suggested that Conoco, with its extensive refining experience, had good recovery capabilities. Spencer also said that the resubmitted bids would be due to ADNOC by the end of August. Occidental Development Company President Rolf Monjo (protect) denied press reports that ADNOC had split the bid into two parts (one for each field) due to the complexity of the project. He stated that the tender had been set up in such a way that companies could bid on developing either field or both fields.

¶2. (SBU) Abu Dhabi is pushing quickly to develop this project. Original tenders were submitted on April 15 and ADNOC has already selected a short list. At least some oil company executives believe that the agreement could be signed as early as the end of the year (or by first quarter 2008).

¶3. (C) Comment: Abu Dhabi will be facing massive increases in power demands to meet its development plans (estimated at over \$100 billion in the next five years). The sour gas project is one of the ways that ADNOC is trying to meet that demand. It will be a massive development project, however. Given the tight time constraints that ADNOC is operating under, the winning company (or companies) will need to ramp up operations quickly, putting strains on the Emirate's already tight housing, schools, and office space market.

¶4. (C) Comment Continued: It appears as if some cracks are developing in the "old boy" network of International oil companies (IOC) operating in Abu Dhabi. Exxon has been the only U.S. IOC operating in Abu Dhabi's upstream oil

development, with the rest of the companies either European or Japanese. Neither Oxy nor Conoco are currently equity partners with ADNOC, though Oxy is a partner with the Abu Dhabi government company Mubadala on the Dolphin Project to bring gas from Qatar. We are seeing more new companies try to position themselves in Abu Dhabi in advance of the expiration of current concessions: the Abu Dhabi Company for Onshore Oil Operations (ADCO) concession expires in 2014. End Comment.

SISON